

## Message Text

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ORIGIN NEA-02

INFO OCT-01 AF-02 ARA-02 EUR-02 EA-02 IO-02 ISO-00 RSC-01

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DRAFTED BY NEA/PAB:BBMORTON/BK

APPROVED BY NEA/IRN:BBMORTON

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R 242144Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY QUITO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USINT ALGIERS

INFO AMEMBASSY BRUSSELS

USMISSION GENEVA

USMISSION USUN NEW YORK

USMISSION OECD PARIS

USINT BAGHDAD BY POUCH

C O N F I D E N T I A L STATE 109908

FOL REPEAT TEHRAN 4153 SENT ACTION SECSTATE

MAY 23

QTE

C O N F I D E N T I A L TEHRAN 4153

DEPARTMENT PLEASE PASS ALL OPEC CAPITALS

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STATE ALSO FOR T/IEP

E.O. 11652: GDS

TAGS: ENRG, IR

SUBJECT: AMOUZEGAR ATTACKS YAMANI, DEFENDS OIL PRICES, CALLS FOR  
AID TO LDC'S

REF: KUWAIT 2021

1. BEGIN UNCLASSIFIED: SUMMARY: GOI MININT AMOUZEGAR ACCUSED  
SAG MINPET YAMANI OF PUSHING IN PRIVATE FOR HIGHER PRICES, THROUGH  
PARTICIPATION EFFECTS, WHILE PUBLICLY SUPPORTING LOWER PRICES.  
AMOUZEGAR ALSO DEFENDED CURRENT OIL PRICES AND CRITICISED DEVEL-  
OPED NATIONS FOR INADQUATE RESPONSE TO IRAN'S PLAN TO AID LDC'S.  
END SUMMARY.

2. IN TALK TO WORLD CONGRESS OF INTERNATIONAL ADVERTISERS ASSO-  
CIATION MAY 21 AMOUZEGAR ASSERTED THAT "YAMANI HAD BEEN TALKING  
ABOUT LOWERING PRICES BELOW \$7 PER BARREL EVEN WHILE DEMANDING  
AN ADDITIONAL \$2.25 ON BUYBACK PRICE FOR PARTICIPATION CRUDE  
FROM ARAMCO; 'AND THEY GOT IT', HE ADDED."

2. AMOUZEGAR REPORTEDLY ADDED: "I HATE TO DO THIS TO SHAIKH ZAKI  
YAMANI. BUT I AM SORRY TO SEE HOW MANY PEOPLE HE FOLLED, WHEN HE  
SAID HE WAS FOR THE LOWERING OF PRICES AND WAS PUSHING FOR HIGHER  
PRICES." AMOUZEGAR CLAIMED THAT SAUDIS, WHILE REALIZING \$7 PER  
BARREL IN TAXES AND ROYALTIES ON POSTED PRICE OF \$11.65, ARE DEMAND-  
IN 93 PCT OF POSTED PRICE, OR ALMOST \$11.00 PER BARREL FOR BUYBACK  
CRUDE, AND THUS OBTAINING AN AVERAGE TAKE PER BARREL OF SOME \$9.25.

3. AMOUZEGAR "ALSO TOOK TO TASK THE INDUSTRIAL NATIONS FOR RELUC-  
TANCE TO CONTRIBUTE TO SPECIAL AID FUND FOR DEVELOPING COUNTRIES PRO-

POSED BY IRAN." AMOUZEGAR SAID THAT UNGA HAD ADOPTED RESOLUTION ON  
SUBJECT AND UN SECGEN WALDHEIM HAD ASKED OPEC AND DEVELOPED NATIONS  
TO CONTRIBUTE BY JUNE 19. IRAN WOULD HELP EVEN IF NO ONE ELS DID  
SO, HE SAID.

4. AMOUZEGAR DECLARED THAT IRAN WILL DEVOTE \$1.7 TO \$2 BILLIAN THIS  
YEAR TO FOREIGN AID, \$10 BILLION TO ITS OWN DEVELOPMENT, \$1 BILLION  
TO DEBT REPAYMENT. THE REMAINING SURPLUS OF \$4 TO \$5 BILLION EITHER  
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WILL BE HELD IN RESERVE OR "CHANNELED THROUGH INTERNATIONAL AGEN-  
CIES TO HELP MEET SHORT TERM SHORTAGES IN INTERNATIONAL LIQUIDITY."

5. IN DEFENSE OF OIL PRICES, AMOUZEGAR CLAIMED (A) THAT OIL PRICES  
HAD ADDED ONLY ONE PERCENT TO ONGOING 12 PERCENT INFLATION IN THE  
12 (SIC) OECD NATIONS, (B) THAT WEST EUROPEAN GOVERNMENTS STILL  
COLLECT \$8 PER BARREL IN TAXES VERSUS \$7 (SIC) PER BARREL PRODUCER  
GOVERNMENT TAKE, (C) THAT UNTIL A FEW WEEKS AGO THE 26.7 MILLION

TONS OF WHEAT IMPORTS NEEDED BY LDC'S IN 1974 WOULD HAVE COT \$6 BILLION VERSUS \$2 BILLION TWO YEARS AGO, YET EVERYONE TALKS OF THE \$5 BILLION (SIC) ADDITIONAL THAT LDC'S MUST PAY FOR OIL. AMOUZEGAR NOTED THAT IRAN IS EXTENDING SOFT AID TO A NUMBER OF LDC'S AND HOPED "SAUDI ARABIA, KUWAIT AND OTHER OIL PRODUCERS WOULD FOLLOW SUIT." END UNCLASSIFIED.

6. BEGIN CONFIDENTIAL: COMMENT: DEPARTMENT AWARE AMOUZEGAR HAS LONG CHAFED UNDER WHAT HE REGARDS AS UNFAIR CHARGES THAT IRAN HAS BEEN LEADING VILLAIN IN SEEKING HIGHER OIL PRICES, AND HAS BEEN PARTICULARLY IRRITATED BY WHAT HE REGARDS AS POSTURING ON YAMANI'S PART.

THUS ATTACK ON YAMAI MIGHT BE SEEN AS A LONG TIME IN COMING ALTHOUGH WHY IAA FORUM CHOSEN NOT ENTIRELY CLEAR.

7. AMOUZEGAR HAS RECOGNIZED, FOR THE FIRST TIME IN PUBLIC, DIFFERENCE BETWEEN PARTICIPATION EFFECTS ON PRICE AND TRADITIONAL GOVERNMENT TAKE (TAXES AND ROYALTIES). HE IS SAYING, IN EFFECT, THAT \$7 GOVERNMENT TAKE IS WHAT IRAN HAS BEEN TALKING ABOUT, WHILE OTHER OPEC MEMBERS ARE PUSHING FOR ADDITIONAL INCREASES VIA PARTICIPATION. EVEN SO, IT HIGHLY UNLIKELY GOI WILL FOREGO THE ADDITIONAL FINANCIAL BENEFITS THAT AUTOMATICALLY ACCRUE TO IRAN WHEN THE ARABS CONCLUDE MORE FAVORABLE PARTICIPATION TERMS (AS QATAR HAS ALREADY DONE). GOI CLEARLY WANTS IT UNDERSTOOD THAT RESPONSIBILITY FOR INCREASES IN OIL COST DUE TO PARTICIPATION AGREEMENTS RESTS WITH ITS ARAB OPEC PARTNERS. AMOUZEGAR'S SPEECH AND REFTEL UNDERLINE YAMANI'S GROWING ISOLATION IN OPEC. END COMMENT. END CONFIDENTIAL.

8. SO FAR AS WE KNOW, SAUDIS AND ARAMCO HAVE NOT IN FACT CONCLUDED ANY NEW PARTICIPATION AND BUYBACK ARRANGEMENTS. WOULD APPRECIATE DEPARTMENT OR JIDDA'S COMMENTS.  
MIKLOS

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RUSH

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
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**TAGS:** ENRG, IR, (YAMANI, AHMAD ZAKI), (AMOUZEGAR, JAMSHID)  
**To:** ABU DHABI MULTIPLE  
**Type:** TE  
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